

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE

August 29, 2002

IN RE:

NOTIFICATION BY SSC HOLDINGS, LLC, RECONEX
ACQUISITION CORP., AND CHOCTAW
COMMUNICATIONS, INC. OF A STOCK PURCHASE
AGREEMENT

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DOCKET NO.
02-00765

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Directors Deborah Taylor Tate, Pat Miller, and Ron Jones of the Tennessee Regulatory Authority (the "Authority"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on July 23, 2002 for consideration of the application for approval of a transfer of control (the "Application") filed by SSC Holdings, LLC ("SSC"), Reconex Acquisition Corp. ("Reconex Acquisition"), and Choctaw Communications, Inc. ("Choctaw") (collectively, the "Applicants"). The Application was considered pursuant to the provisions of Tenn. Code Ann. § 65-4-113, which requires Authority approval of a transfer of authority to provide utility services.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

- (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority,

to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

The Application is contained in a letter to the Authority dated July 1, 2002.¹ The Applicants request Authority approval of an indirect transfer of control of Choctaw to SSC through the acquisition by SSC of 80.80% of the outstanding and issued shares of Choctaw's common stock. Choctaw is a privately held Texas corporation with principal offices located in Houston, Texas. Choctaw resells domestic and international long distance and local telecommunications services. Choctaw was granted the authority to provide telecommunications service in Tennessee by Order dated August 24, 1999 in Docket No. 99-00418. Reconex Acquisition is a privately held Oregon corporation with principal offices located in Hubbard, Oregon. Reconex Acquisition is a wholly owned subsidiary of 1-800-Reconex, a reseller of domestic and international long distance and local service that provides telecommunications service in Tennessee pursuant to authority granted by Order dated July 9, 1997 in Docket No. 97-01188.

¹ The July 1, 2002 letter is a notification to the Authority of the proposed transaction. Because, as explained herein, this transaction involves a transfer of the authority to provide utility services held by Choctaw, approval by the Authority is required, and the Authority treated the Applicants' letter of notification as their Application for such approval.

The Application states that following the transaction Choctaw will continue to operate in all material respects as it currently operates, and Choctaw's present technical, managerial, and financial personnel will remain the same.

Public Interest Considerations

The Application states that the indirect transfer of control will be beneficial to the companies involved as well as to their customers, primarily because of the enhanced access to capital and increased financial strength of the combined companies which will result from the transaction. The Application states that Choctaw's customers will continue to receive the same high quality service presently provided and there will be no increase in rates as a result of the transaction.

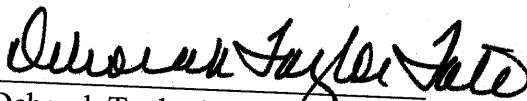
Findings


The Authority considered this matter at the July 23, 2002 Authority Conference. Based upon careful consideration of the *Application* and of the entire record of this matter, the Authority finds and concludes as follows:

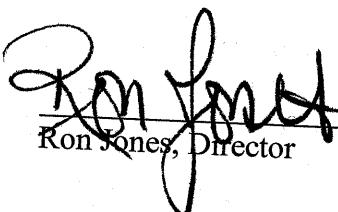
1. The Authority has jurisdiction over the subject matter of this *Application* pursuant to Tenn. Code Ann. § 65-4-113;
2. Choctaw Communications, Inc. has been granted authority to provide telecommunications services in Tennessee;
3. 80.80% of the outstanding and issued shares of Choctaw Communications, Inc.'s common stock will be acquired by SSC Holdings, LLC, resulting in a transfer of the authority granted Choctaw Communications, Inc. to provide utility services; and
4. The transfer of authority will benefit the consuming public.

IT IS THEREFORE ORDERED THAT:

The Application of SSC Holdings, LLC, Reconex Acquisition Corp., and Choctaw Communications, Inc. for approval of the transfer of authority described herein is approved.


Deborah Taylor Tate, Director


Pat Miller, Director


Ron Jones, Director